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ABSTRACT

State policies and activities for systematizing work force development were examined through a survey completed by individuals involved in work force development in 40 states and case studies of policies and programs in Texas, Utah, Florida, and Michigan. Throughout all levels of government and the private sector, consensus that work force development is critical to success in the global economy is growing. The following underlying forces for change were identified: growth of the private sector's power; growing perception that collaborative activities may yield greater flexibility, efficiency, and access to new resources; the 104th Congress' focus on work force development consolidation and block grants; and new federal initiatives. A new work force development system with the following characteristics was advocated: driven by business, locally designed/implemented, universally available, user friendly, and measurable/accountable for short- and long-term results. The following items were recommended as ways of enhancing work force development systems: increased business participation/ownership; institutional planning and policy frameworks at the federal, state, and local levels; uniform data and reporting systems; and accountability standards focused on improved learning and higher earnings. (Eleven tables/figures are included. Appended are lists of the states responding to the survey and codes used in the tables.) (MN)

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The Emerging Workforce Development System

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THE EMERGING WORKFORCE DEVELOPMENT SYSTEM

Marion Pines and Jim Callahan

Policy Issues Monograph 97-01

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Sar A. Levitan

The Sar Levitan Center for Social Policy Studies at the Johns Hopkins University was organized in 1995 to commemorate and extend the works of Sar A. Levitan, public policy commentator extraordinaire who died in May 1994 after 44 years of selfless public service on the national scene.

Levitan came to Washington in 1950 after military service and completion of his Ph.D. in Economics at Columbia University to serve on the staff of the Korean era Wage Stabilization Board. He remained thereafter with the Legislative Reference Service, researching and enlightening at congressional request issues related to labor relations, employment and economic development. On loan from LRS, he served on the staff of Senator Eugene McCarthy's 1959 Select Committee on Unemployment, in 1960-61 as Deputy Director of the Presidential Railroad Commission and then as advisor to Senator Paul Douglas in the formulation of the Area Redevelopment Act, the start of the Kennedy New Frontier.

Aware that pioneer social policies would need friendly critics to keep their administrators focused, he obtained a grant from the Ford Foundation which the Foundation itself has described as the longest lasting and most productive in its history. For thirty years thereafter, he was to advocate, evaluate, criticize, or praise (wherever and whenever deserved) every significant legislative act, policy and program related to employment, education, training or poverty during those tumultuous years.

Levitan was not satisfied with a 36-page bibliography of books, monographs, articles, congressional testimony and speeches. When cancer ended his life just short of his eightieth birthday, he left the bulk of his life savings to the National Council on Employment Policy, an organization he had helped organize and then singlehandedly perpetuated, charging his closest friends to continue his life's crusade.

The NCEP in turn funded the Sar Levitan Center for Social Policy Research, which is the sponsor of this publication series.

Therefore to Sar A. Levitan this publication is lovingly dedicated.

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Acknowledgments

Gathering the information needed for a study of the nature and status of *The Emerging Workforce Development System* required the assistance of people all over the country. We are very grateful first of all to the staff at the 40 states who completed a complex survey form and then made themselves available for subsequent clarifications. A list of the 40 states can be found in Appendix 1. It would have been difficult to get that extremely high level of response without gentle but persistent follow-up from Cathy Kastriner and Lynn Boyer of Defense Technology, Inc. To them and to Gil Sanchez, also with DTI, who forwarded an unending flow of useful research material, our sincere thanks. Both the National Governors' Association (NGA) and the National Association of Private Industry Councils previously had surveyed their members on issues related to this study and they very graciously shared their findings with us.

To get a perspective from experienced students of workforce development permutations over the years, we consulted with two panels of experts. The JTPA State Liaisons from Minnesota, New Hampshire, Mississippi, Nevada, California, Massachusetts, West Virginia, Missouri, Alaska, New Mexico and Kentucky all participated in a fairly structured conference call arranged by Martin Simon of N.G.A. We want to express our appreciation to all of them for sharing some very candid and perceptive insights with us. The second panel of experts met for several hours in Baltimore and we are grateful for the wisdom and observations accrued over many years which they shared with us. Members of this panel were Garth Mangum, Steve Mangum, Andy Sum, Bill Spring, Rob Ivry, Alan Zuckerman, Burt Barnow, Arny Packer and Brandon Roberts. Garth Mangum and Scott Lazerus also gave us the complete inside story on Utah, which became the framework for the Utah case study.

Given all of this expert assistance, the authors still take complete responsibility for the analysis and conclusions drawn from all of the information. We sincerely hope that everyone who helped will consider the final product worth their time and efforts.

Marion W. Pines

and

Jim Callahan

Executive Summary

There is a growing consensus around the country at every level of government and throughout the private sector that workforce development is a critical component of our strategy to be a successful competitor in the global economy. Organizing workforce development activities into coherent, efficient and user friendly systems is therefore occupying the attention of political leaders, lawmakers and professional staff all over the country.

This is not an easy task. There are numerous programs and funding streams, conflicting data and reporting systems, and well-entrenched bureaucracies positioned by tradition to protect their turf. At the same time this study revealed some underlying forces for change:

1. The growth in power of the private sector, which has displayed increased impatience with duplication, overlap and inefficient use of resources;

2. The growing perception that collaborative activities may yield greater flexibility and efficiencies, may provide access to new resources, and may result in a wider range of services;

3. The focus on these issues in the 104th Congress, which may provide a platform from which to revisit the issue of workforce development consolidation and block grants; and

4. New federal initiatives, particularly one-stop shops and school-to-work, indicate a federal interest in integrated planning and implementation.

With the forces for change arrayed against the rigid constraints of turf and tradition, this study has attempted to assess the lay of the land vis-a-vis emerging workforce development systems. The tools employed were surveys of the

states, discussions with expert panels, and case studies of Texas, Utah, Florida, and Michigan--states which are undergoing extensive (and different) reorganization efforts.

The data reveals that Human Resource Investment Councils (HRICs), are playing an increasingly important role in policy development, although in no state is integrated policy setting underway for all major program areas. But it was in the area of the newer crosscutting strategies–one-stops and school-to-work–that the highest degree of integration was noted. Welfare-to-work strategies also reported a degree of collaborative effort, although not at the level of the other two initiatives. Two possible factors may explain these findings. First, the federal agency (Health and Human Services) did not send out clear signals about the importance of collaboration and, second, the new emphasis has been on "work first" for welfare recipients rather than on workforce development.

Although achieving a single workforce development policy voice is almost as elusive at the State level as it is in Washington, the evolving role of the HRICs points to two major achievements:

- They have created high level forums for policy discussion in which the private sector has a major voice in sorting out roles and relationships at the state and local levels; and
- They have created a locus for the development of cross agency and cross program accountability measures, outcome expectations and reporting and verification requirements.

The four state case studies yield rich information about the different approaches these states are taking in addressing the various organizational and policy challenges in order to reach a common goal. In most cases, they seem to agree on common themes. The system should be:

- Driven by business;
- Locally designed and implemented;
- Universally available;
- User friendly; and

- Measurable and accountable for short- and long-term results.

After reviewing all the information, we have concluded that integrated state *organizational structures* are not critical for, or necessary to, the evolution of a coherent workforce development system. But *institutional entities that provide the framework for interagency policy formulation are critical* to building a more coherent system. The rapid growth of the HRICs at the state level and the parallel evolution of the PICs into more comprehensive Workforce Investment Boards at the local level are encouraging signs.

A list of the guiding principles and recommendations that have been gleaned from this study is included in the last chapter. It is very clear that states' and local areas' progress toward creating effective and rational workforce development systems would be greatly enhanced if there were:

- Increased business participation and ownership;
- Institutional planning and policy frameworks at the federal, state and local levels;
- Uniform data and reporting systems; and
- Accountability standards that focus on improved learning and higher earnings.

Then, states and localities should be free to utilize a wide array of workforce investment strategies to meet the needs of targeted populations within their jurisdictions, to serve the public at large, and to address their economic development agendas.

The Congress should heed these findings so as not to impede the progress already underway by imposing any newer form of recategorization. And federal agencies, if moved to mount any new initiatives, should heed the lessons of one-stop centers and school-to-work. When *instructed to* collaborate as a condition of funding, whether as a public/private partnership or an interagency consortium, state and local players have managed to surmount hitherto insurmountable barriers. And, if reinforced with the tools described above, the consensus is

that coherent workforce development systems would be in even greater evidence around the country than is now the case.

I. Overview

As the nation approaches the 21st century, the realities of global competition have sharpened the focus on the quality of our workforce. That sharpened focus has stimulated a growing interest in building effective workforce production systems. Accompanying this interest is a growing consensus about a series of related and interlocking social, economic and political issues:

- The nature of jobs and work is changing irreversibly while the demographics of the current and potential workforce are also shifting, producing a growing mismatch between available jobs and the skills of available workers.
- Resources are limited in every human development system with few prospects for major new funding infusions.
- There is ample evidence that no one system–neither education, employment and training, public assistance nor economic development–can fully address job seekers' and employers' needs operating alone.
- Despite much rhetoric about the need for collaboration, if not integration, of workforce development activities, there has been little direction or substantive encouragement from Washington. Even the legislative effort that came closest to enactment in the 104th Congress fell far short of its goal of unifying the alleged 160 plus workforce development initiatives.

According to Lester Thurow, brainpower will create the new technologies, and a skilled workforce will allow nations to be the masters of a whole range of new products and services. But if the bottom 50% of the workforce cannot apply the new high tech processes that the top 50% develop, a country cannot be viable economically at home or abroad. Clearly, the skill level of our workforce will be a determining factor in how we fare in

the global economy. Recognition of this fact has resulted in increased political currency for the whole field of human resource development at every level of government and throughout the private sector.

The emerging consensus supports more integrated policy planning and program implementation in the belief a coherent workforce system will emerge; a system capable of more efficiently meeting the needs of both employers and job seekers. That sounds relatively simple and even somewhat elegant. But what makes "it" happen in some states and not in others? What and where are the potential institutional supports? Who are the key movers and shakers? What's moving us ahead and what factors are holding us back? What is the current "state of the art" among the various states? Are there any guiding principles gleaned from experience to help states and localities steer the ship through sometimes turbulent waters?

As a result of extensive surveys, interviews with expert panels, a literature search and reflection, much information has been gathered and analyzed. This monograph will attempt to use this information to answer some of these questions and thereby try to assist both the Congress and state and local officials plan constructively for an effective workforce delivery system.

II. Strategies and Trends

Is Organizational Structure Important?

Convincing arguments can and have been put forth by each and every player in the workforce development cast about overlap, duplication and confusion. These arguments, particularly when forcefully enunciated by the *private sector* have helped encourage the movement toward reorganizing governmental structures and delivery systems to meet legitimate complaints. But there is no unanimity on the importance of state organizational structure itself in connection with the emergence of an effective integrated workforce development system.

Some experts dismiss reorganization efforts as "rearranging the chairs on the *Titanic*." This school argues instead for a three-part strategy–putting efforts into organizing networks of employers at the local level; creating a competitive environment in which there are no "presumptive" deliverers of any labor market service; and ensuring the existence of trusty intermediaries to connect "customers" to jobs–in order to create a *functionally* effective workforce development system, undergirded by state mandated accountability requirements.

This approach has the advantage of mitigating some of the potential interagency turf issues inherent in any reorganization attempt by focusing instead on accomplishing a common *functional* mission, for example, creating a network of intermediaries to broker the connections to jobs. However, tackling the sticky issue of no "presumptive" deliverers of service is fraught with controversy, no matter how well motivated. The targets of this approach are perceived to be the Job Service as well as other entrenched local employment and

training bureaucracies. The fact that they are often supported by well-organized unions and vocal national lobbies loom as potential roadblocks to this "level playing field" approach. However, if a Governor or local official has an agenda that includes reducing the size of government, this strategy might mesh well with his or her intent.

There is another school of thought that insists that the way in which the Governor organizes state government is critical to the development of integrated workforce development policy and practices. Some experts in this group argue that in anticipation of devolution, the creation of a single, super agency that oversees related workforce development components–welfare-to-work, the labor exchange, job training, school to work, adult education and economic development–is the most efficient way to ensure consolidated planning and the efficient use of resources. Carried to its logical extension, this model would require comparable organizational consolidation at the local level *or* a highly centralized state run system. In either case, experts agree that to bring off this kind of ambitious coup requires that a Governor make effective use of his bully pulpit and leadership abilities to gain the support of the state bureaucracy *and* the state legislature in order to institutionalize any reorganization proposal into law.

Is the Movement Toward Collaborative Policy and Planning Important?

Another school of thought focuses on a middle ground approach that involves policy and planning institutional frameworks as a way of bringing order to the present fragmented situation. And here the clear leaders are the Human Resource Investment Councils emerging fairly rapidly at state levels and their local counterparts, Workforce Investment Boards, developing somewhat more slowly. Both these state and local entities acknowledge as their antecedents the State Job Training Coordinating Councils (SJTCCs) and the

Private Industry Councils (PIC) mandated in the Job Training Partnership Act. Since both of these entities are required to have private sector membership and in the case of PICs, a majority of private sector members, it did not take too many years before the mundane contract award issues they were asked to address were replaced with new, more challenging questions:

- *What is the logic behind all these multiple and parallel funding streams?*
- *Why do we have to maintain duplicate intake processes for every program?*
- *Can't there be one data and reporting system?*
- *Why are we bothered by continuous job solicitations from multiple agencies?*
- *Are we using scarce resources as effectively as we might?*

In the past five years, these kinds of questions were appearing with increased frequency on the agendas of PICs and SJTCCs all over the country. These same questions also had been raised at the national level as evidenced by the final recommendation of the Secretary of Labor's JTPA Advisory Committee in March of 1989:

> At the state level, the State Job Training Coordinating Councils should be energized and expanded in scope to promote coherent inter-agency resource development strategies in keeping with each state's political and institutional context . . . . PIC's should expand their mission to provide oversight on, and serve as catalysts to, greater interagency coordination, collaboration and communication in all local human resource development programs.

Many perceptual factors are also enhancing the climate for collaboration. Chiefly, there are hopes that through collaboration:

- *There may be access to additional resources;*
- *There may be greater flexibility in using funds;*

- *There may be the ability to offer a wider range of services;*
- *There may be increased operational efficiency and reduction of duplicative efforts; and*
- *There is the distinct likelihood of an improved image with customers, both employers and those seeking jobs and with the community at large.*

And there is no question that a year of debate on Capitol Hill about the whys and wherefores of program consolidation has also energized discussion and action in states and localities. In addition, the evidence is clear that a few recent federal initiatives *have* played a catalytic role in bringing about an increased degree of interagency collaboration and system building, most notably the one-stop shop and school-to-work efforts. As the JOBS initiative under the Family Support Act is replaced by the recently enacted Personal Responsibility and Work Opportunities Reconciliation Act, welfare reform policy *may* diminish the trend toward collaboration because of its new emphasis on jobs first in place of workforce preparation activities.

However, experience is demonstrating that one-stops are creating a strong raison d'être for collaborative policy making, planning and implementation, at both state and local levels all across the country.

The same can be said for the School-to-Work Opportunities Act. Its implementation policies require states to demonstrate a high level of collaboration among education reform, workforce development and economic development policies and practices in order to receive federal funds.

All of this activity is giving agencies and organizations practice in working together, identifying problems, seeking solutions and, what is most important, collaboratively working out appropriate roles and relationships. And they are getting this practice of coming together, not because collaboration is a virtue unto itself–as a matter of fact, it is extremely hard work, and as an abstract concept, hardly a motivator–but because facing complex challenges, such as creating an accountability system, a one-stop network, a school-to-work system or a job access system for welfare participants, does not

lend itself to solo practice. The complexity of the challenges pushes the key players toward collaboration in order to be successful. Thus, agencies, organizations and the private sector are developing an appreciation of the expertise in each sector. The private sector can best articulate future demand trends in the local labor market. This in turn can guide the development of appropriate career clusters for the school-to-work system, the customized training strategy for the adult training system, as well as identify the most fertile ports of entry for welfare participants. *We are witnessing a coming together around cross cutting interagency challenges.*

Perhaps in response to all of these developments, the past few years have witnessed the widespread institutional evolution of the SJTCCs into Human Resource Investment Councils and a growing number of PICs migrating toward the broader charge of Workforce Investment Boards. According to a recent survey by the National Association of Private Industry Councils (NAPIC), two thirds of the PICs plan to transform themselves into more broadly based workforce boards if they have not already done so. Most of the remaining entities are awaiting more definitive federal action.

Certainly, common data requirements, common reporting systems, common terminology and unified funding would simplify life and accelerate integration. That is a federal responsibility that must be addressed through the legislative and regulatory process.

In the winter of 1996-97, the emerging system is in flux, but it is fair to say there is evidence of movement in the direction of rationality.

In the next section of this monograph, the evolving role that the HRICs are playing in policy and planning will be analyzed based on survey responses. However, it is clear that achieving a single workforce development policy voice is almost as elusive at the state level as it is in Washington. To date, the dual major achievements of the HRICs are:

- *The creation of neutral, high level forums for policy discussion and advice in which the private sector has a prominent voice in sorting out roles and relationships;* and
- *The creation of a locus for the development of cross agency and cross program accountability measures, which effectively establish mutually agreed upon common outcome expectations for all workforce investment programs accompanied by reporting and verification requirements.*

The importance of these achievements should not be underestimated. Forums for policy discussions among interagency players with representatives from business and labor with well-articulated roles and relationships plus the pressures to establish and "play" in a strong accountability system are the significant underpinnings for an effective workforce development system.

III. The Current State of the Art

As the 104th Congress debated the structure of a workforce investment block grant, several areas of consensus emerged at the federal level.

- The existing federal "system" is a collage of categorical programs, governed by a maze of federal laws and regulations that the people in charge have a difficult time interpreting, let alone the job seekers and employers the programs are funded to serve.
- This conglomeration of programs and funding streams should be restructured into a more organized, coherent system.

But what about the state level? How do the federal programs play out when they hit the States? Is the fragmented, categorical federal system simply replicated? Do Governors and state officials somehow magically sort out this jumble of programs and funding streams and organize them in a more integrated, logical fashion? Answering these questions is one of the goals of this project.

The investigation undertaken for this report found that the "state of the art" in workforce investment organizational structures is a combination of the expected and unexpected. The expectation was that state organizational structures would parallel federal funding patterns. In the majority of states this is true. In these states, programs appear to have been shot out of federal missile silos, landed in the states and immediately enveloped by well defined and protective bureaucratic state silos that keep programs effectively segregated from other workforce development efforts.

The unexpected finding of this investigation is that a few states–several of which will be highlighted in the case-study portion of this report–have actually begun comprehensive

reorganizations. The fact that major change is actually taking place in several states is surprising particularly in the absence of federal consolidation legislation, given that the system has largely been federally driven over the past four decades.

In that the nation's workforce investment programs are planned, implemented and operated by fifty independent political jurisdictions, it may be overly simplistic to endeavor to categorize the status of workforce development organizational structures. But based on the responses to extensive surveys and discussions with experts, a strong impression of the "state" of that system can be perceived and reported with reliability. To dip into the vernacular, the current "state" of the system can be portrayed using three "F" words:

- **Fragmented;**
- In **Flux;**

and, in many areas

- Looking to the **Future.**

Without any doubt, existing state structures are fragmented. But it appears that many of these fragmented systems are in a state of flux as the officials responsible for them consider just what changes need to be made in order to prepare for the transition to the next century.

Based on the information provided relative to the new federal initiatives like one-stops and school-to-work, there is evidence that these changes are breaking with traditional organizational patterns.

The Expected

As noted earlier, most state structures are reflective of the federal approach to employment, adult education, training and skills development. For the sake of this analysis, assume that

the preponderance of what is called workforce investment is embodied in five major program areas.

- Disadvantaged Youth and Adult Training (Under the Job Training Partnership Act);
- The Labor Exchange (Under the Wagner Peyser Act);
- The Adult Education Program (Under the Adult Education Act);
- Post Secondary Careers Education Efforts (Largely Under the Perkins Act and Pell Grants); and
- Welfare-to-Work (Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996).

An underlying assumption is that integration of programs under one organizational structure or one planning structure generally provides a foundation for more comprehensive and cost efficient services. In other words, the more integration the better!

If one accepts that assumption, there is a bias for organizational structures that integrate the planning and/or administration of the major program areas that form the workforce investment system. For the forty states that responded to the survey, the data provides an indication of the level of integration that exists.

Table 1 outlines a part of the survey data relative to *policy setting* for the five major workforce investment areas. Not surprisingly, no state reported that overall policy for *all five* areas is being established by a single state department or board. Typically, three different state organizations appeared to be responsible for making policy decisions.

A recent National Governor's Association (NGA) report, Forging Partnership Through Human Resource Investment Councils, indicated that 29 states had created HRICs. While not mandated, the federal law that authorizes HRICs strongly implies that HRICs can be policy setting entities for the federal workforce investment program areas. In that more than half of the states in the NGA survey have these councils, our survey

attempted to determine how many HRICs would be reported as major players in setting policy. Out of a potential 200 specific responses, a Human Resource Investment Council was listed as responsible for policy setting in only three instances.

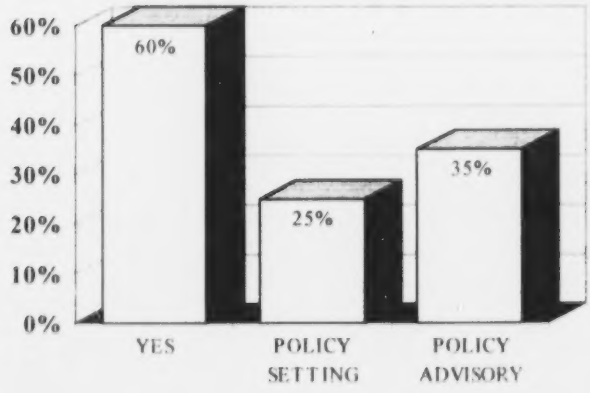
Table 1: Where Policy for the Five Workforce Program Areas Is Set
(Codes Are Listed in Appendix 2)

Percent of States	Job Service	JTPA	Adult Education	Post Secondary Education	Welfare-to-Work
2.5%	DED	DED	SCC	SCC	DHS
2.5%	DOL	DED	SCC	SHE	DHS
2.5%	DOL	DED	SDE	SCC	DHS
2.5%	DOL	DED	SDE	SHE	DHS
2.5%	DOL	DOL	SCC	SCC	DHS
2.5%	DOL	DOL	SDE	DK	MSA
2.5%	DOL	DOL	SDE	OB	DHS
2.5%	DOL	DOL	SDE	SBE	DHS
2.5%	DOL	DOL	SDE	SCC	DHS
2.5%	DOL	DOL	SDE	SCC	DOL
10.0%	DOL	DOL	SDE	SDE	DHS
2.5%	DOL	DOL	SDE	SDE	DOL
32.5%	DOL	DOL	SDE	SHE	DHS
2.5%	DOL	DOL	SDE	SHE	DOL
2.5%	DOL	DOL	SDE	SHE	MSA
2.5%	DOL	GOV	SDE	SHE	DHS
2.5%	DOL	HRC	SDE	SBE	DHS
2.5%	DOL	HRC	SDE	SHE	DHS
2.5%	DOL	SCC	SCC	SDE	DHS
2.5%	DOL	WDA	SDE	SDE	WDA
2.5%	DOL	WDA	SDE	SHE	DHS
2.5%	N/A	HRC	N/A	SHE	DHS
2.5%	WDA	WDA	SCC	SCC	WDA
2.5%	WDA	WDA	SDE	SDE	WDA
2.5%	WDA	WDA	SDE	SHE	WDA

The low level of reported HRIC involvement in policy setting may be due in part to the fact that in this part of the survey, the question was framed in terms of program areas of long standing that existed prior to the creation of most state HRICs. It is anticipated that HRICs will become more involved in policy issues relative to new crosscutting initiatives. Furthermore, no clear distinction was made in the survey between *recommending policy* and *setting policy*.

In another section of the survey, questions were included designed to obtain general information about the purpose of boards and councils. Chart A summarizes the information relative to HRICs and their general policy role. In over half the states responding to the survey, an HRIC existed. This approximates the findings from the NGA work. When asked to identify the HRIC as a policy or advisory group, almost half the states reported that the HRIC is involved with policy. This supports the perception that HRICs are involved with policy discussions that pertain to new and/or crosscutting initiatives, but are not seen as having the direct policy setting responsibility when specific program areas are concerned.

Chart A: Is There a State HRIC? Is It Advisory or Policy Setting?



A further indication that the HRIC policy role is more focused upon new, crosscutting areas was provided by a survey question that asked how workforce investment policy was developed. Almost half the states indicated that the *HRIC played a role in recommending policy.* This indicates that HRICs are very much involved in the workforce development policy discussions that are taking place at the state level but are not specifically identified as the group that sets policy for a specific program area. It also indicates that HRICs and workforce policy development is a work in progress.

But what about administrative structure? Integration at the policy level is important but, in many respects, integration at the administrative level may have more impact on service delivery. Table 2 depicts the data relative to how states organized their administrative structures for the five major program areas. No responding state has integrated all five programs areas under one administrative structure.

In the final analysis, Tables 1 and 2 indicate that, in most states, policy and administrative responsibility for workforce investment is still diffuse. The data does, however, point to a dominant pattern of organizational structure. A third of the states responding indicated that they use comparable administrative organizational structures for the five program areas, grouping them under three departments. This dominant pattern has the state "DOL"-type agency responsible for the labor exchange and disadvantaged adult and youth training, an education-type agency responsible for adult educational services, and the welfare-to-work effort residing in a human serivces department.

Every responding state indicated that the adult education and post secondary training functions were housed in an educational organization. In that these efforts represent resource streams designed to assist people obtain a formal educational credential (high school diploma, GED or associate of arts degree), this was not unexpected.

Table 2: Where the Five Workforce Investment Program Areas Are Administered

(Codes are listed in Appendix 2)

Percent of States	Job Service	JTPA	Adult Education	Post Secondary Education	Welfare-to-Work
2.5%	DED	DED	SCC	SCC	DHS
2.5%	DOL	DED	SCC	SHE	DHS
2.5%	DOL	DED	SDE	SHE	DHS
2.5%	DOL	DOL	N/A	N/A	DHS
2.5%	DOL	DOL	SBE	SBE	DHS
2.5%	DOL	DOL	SBE	SHE	DHS
2.5%	DOL	DOL	SCC	SCC	DHS
2.5%	DOL	DOL	SDE	DK	MSA
2.5%	DOL	DOL	SDE	OB	DHS
2.5%	DOL	DOL	SDE	SCC	DHS
2.5%	DOL	DOL	SDE	SCC	DOL
12.5%	DOL	DOL	SDE	SDE	DHS
2.5%	DOL	DOL	SDE	SDE	DOL
32.5%	DOL	DOL	SDE	SHE	DHS
2.5%	DOL	DOL	SDE	SHE	DOL
2.5%	DOL	DOL	SDE	SHE	MSA
2.5%	DOL	GOV	SDE	SHE	DHS
2.5%	DOL	OB	SDE	SCC	DHS
2.5%	DOL	SCC	SCC	SDE	DHS
2.5%	DOL	WDA	SDE	SHE	DHS
2.5%	WDA	WDA	SCC	SCC	WDA
5.0%	WDA	WDA	SDE	SDE	WDA
2.5%	WDA	WDA	SDE	SHE	WDA
5.0%	WDA	WDA	SDE	SDE	WDA
2.5%	WDA	WDA	SDE	SHE	WDA

But what about the three programs areas specifically linked to employment outcomes–disadvantaged youth and adult training, welfare-to-work and labor exchange? Recognizing the similar goals of these three efforts, have states grouped them together? Table 3 was developed to depict how states organized the administration of just the three program areas *directly linked to employment outcomes.* It shows that when this narrower grouping is examined, there is more integration than in the five program areas groupings as examined in Table 2.

Table 3: Where the Three Workforce Investment Program Areas Are Administered
(Codes are listed in Appendix 2)

Percent of States	JTPA	Welfare-to-Work	Job Service
2.5%	DED	DHS	DED
5.0%	DED	DHS	DOL
60.0%	DOL	DHS	DOL
7.5%	DOL	DOL	DOL
5.0%	DOL	MSA	DOL
2.5%	GOV	DHS	DOL
2.5%	OB	DHS	DOL
2.5%	SCC	DHS	DOL
2.5%	WDA	DHS	DOL
10.0%	WDA	WDA	WDA

Two conclusions can be drawn from Table 3. For these three related program areas, the dominant (60%) organizational pattern is to place them under two separate agencies of state government–most often a "DOL" and "DHS" agency. Secondly, about 23% of the states responding grouped these program areas under a single entity.

In summary, the review of the state organizational structures indicated that total integration relative to policy setting and administrative structure has not occurred for the five major program areas. But a higher degree of integration has occurred for the three program areas specifically linked to employment

outcomes–disadvantaged youth and adult training, welfare-to-work and labor exchange. The dominant organizational pattern reflected in Table 2 is essentially identical to the federal organizational structure–the Department of Labor responsible for a labor exchange and disadvantaged youth and adult training, Health and Human Services responsible for welfare-to-work and the Department of Education responsible for non-targeted adult education and training. Two policy issues arise from this conclusion. If the federal government integrated all of the federal workforce investment efforts under one structure, would states follow suit? Are there other strategies for achieving an integrated service delivery system with coherent use of resources?

The Unexpected

The unexpected findings of the survey shed some light on the two questions noted above. Several states are breaking from the federal mold and grouping the labor exchange, welfare-to-work and the disadvantaged adult and youth training under one organizational structure. This appears to be a relatively new development. Along with the few states that were reporting this new approach, several more indicated that different, more integrated approaches either were under consideration or being developed.

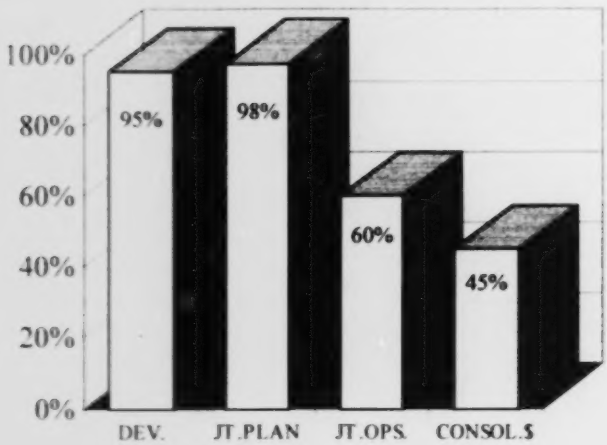
The survey specifically asked, is any reorganization planned? Chart B shows that almost half of the states reported that they are considering reorganization. Another 8 percent reported that they have recently completed major reorganizations. Based on these responses, it is clear that some major change is taking place and a good deal more is about to occur.

The survey then pursued a review of what states were doing with the new, federal workforce development initiatives (school-to-work, welfare-to-work or one-stop shops). A more integrated approach for these new efforts would be evidence

Chart B: Are Reorganizations Planned?

that states are breaking out of the traditional approach of replicating the federal structure. The review of the school-to-work, one-stop shop, and welfare-to-work strategies indicated

Chart C: School-To-Work

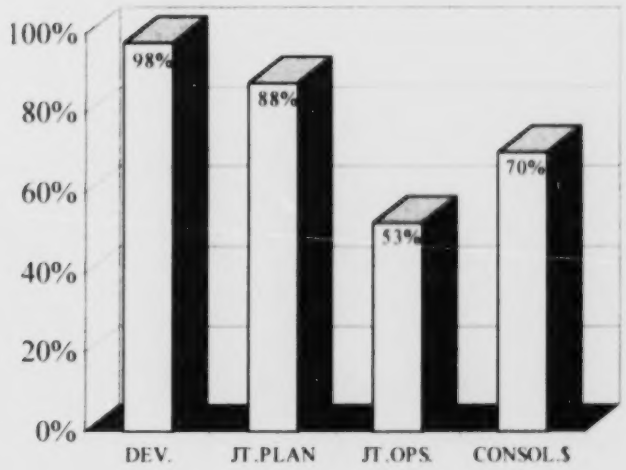


that shared planning and joint operations are, indeed, fairly common. Specifically, the survey asked if the state was jointly planning, jointly operating and incorporating and/or consolidating resources under these efforts.

The results for the school-to-work initiative are shown in Chart C. Almost all of the responding states reported that they were developing a school-to-work effort (95%). Every state that claimed to be developing a school-to-work effort also reported that it was being jointly planned. One state which was not developing a school-to-work effort at this time did report that joint planning for the effort was under way. Sixty percent reported that it was (or will be) a multi-agency operation and close to half of the states claimed they were incorporating and/or consolidating other funding sources.

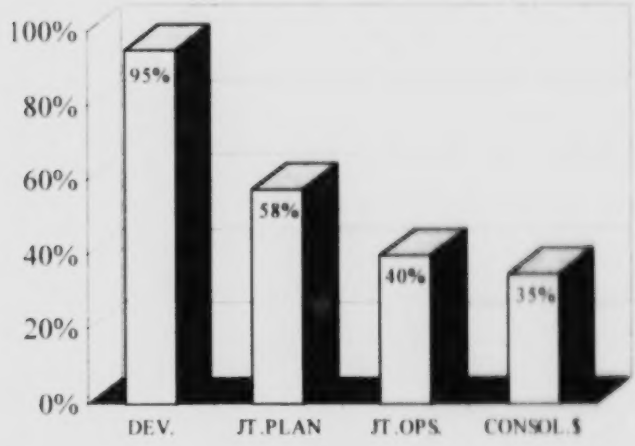
The results for both one-stops and welfare-to-work are shown in Charts D and E. While the data show the same pattern as the school-to-work data set, there are some interesting differences.

Chart D: One-Stop Shops



Nearly all of the responding states reported that they were either developing one-stops or already had them in place (98%). Eighty-eight percent of the states reported that the one-stop effort was a jointly planned endeavor. Interestingly, a little more than half the states reported that one-stops were jointly operated but more than two-thirds (70%) reported that the one-stop effort incorporated and/or consolidated other programs or funding sources.

Chart E: Welfare-To-Work



The welfare-to-work data set reflects the least amount of joint planning and joint operations of the three efforts. One implication might be that the federal Health and Human Services Department did not join with its federal sister agencies to promote an integrated initiative as was done with the other two efforts. While welfare-to-work shows the least amount of integration when compared to the traditional organizational structure, it still indicates a relatively high degree of cooperation and integration.

As Chart E indicates, 95% of the responding states reported that welfare-to-work was under development. Fifty-eight

percent of the states responded that welfare-to-work is jointly planned. Forty percent of the states reported that the welfare-to-work effort is a jointly operated endeavor and 35% of the states that were developing welfare-to-work claimed that they were incorporating or consolidating other funding sources with the effort. However, as welfare reform unfolds across the 50 states, it will be interesting to see how the emphasis on work first and the de-emphasis on education and training impacts collaboration.

An important policy implication emerges from this review. Two of these initiatives, one-stops and school-to-work, were *specifically designed* by their federal sponsors to incorporate an integrated approach. Funding for these two was–in part–contingent upon states developing a level of integration and cooperative planning that had never before been required. Given these circumstances, the higher level of reported joint planning and operations is not surprising. Welfare-to-work implementation is the most significant component of the recently enacted welfare reform. But because implementation is left to each state there has been little federal encouragement to develop the welfare-to-work effort as an integrated strategy.

The implication drawn from this survey is that collaboration and integration occurs best when authority is devolved to the states *but* with either strong encouragement or a federal requirement for integrated planning and implementation. Clearly, this concept needs to be remembered as federal block grants are considered.

The Future Will Be . . .

With the information at hand, it is difficult to characterize the development of the nation's workforce investment system at the state level. It is clear that change and reorganization are on the minds of the professionals and political leaders responsible for this system, but it is equally clear that there is

no one single, specific direction that every state will take. The case studies included in this monograph illustrate the variety of approaches that are being implemented.

The connection between reorganization, collaboration and effective service delivery is still to be determined. Only time will enable this question to be answered accurately. The states that have adopted new organizational structures have not had sufficient time to establish track records. Many are still in the process of implementing their systems. The states that are considering new structures are still at the planning/talking stage. Therefore, evidence that they will be successful in improving an essentially disjointed workforce development system or in improving the quality of services is lacking at this time. But there is a growing recognition that "solo practice" is not cost effective or "user friendly." The growing dual demand for accountability and customer satisfaction will doubtless continue to push states and localities into more coherent configurations.

IV: New Directions: Four State Case Studies

A. Texas

Section 1: Background

The state legislature in Texas appears to be one of the most powerful in the nation. It not only has the authority to approve all state government budgets and organizations but also is often the driving force behind system change. Another strong driving force in Texas is the Comptroller's Office that provides an expanded array of oversight functions for the state. Given this framework, it is not surprising that the major impetus for changing the Texas workforce development system was a product of both the legislature and the Comptroller's office.

The genesis for the reorganization was disenchantment with the existing system. The Comptroller's Report in 1995 noted that workforce development in Texas was a "chaotic system" with nearly 9,000 employees in 15 different agencies administering 35 separate workforce development programs that spent $1.6 billion annually. Public officials in Texas saw their system as "a confusing labyrinth of interagency agreements and overlapping responsibilities .... [that] provides little guidance or training for students, dislocated workers, welfare recipients and other Texans in need of skills improvement and employment, nor does it provide much help to business . . . ."

The formal starting point for reorganization was legislation passed in 1993 (Senate Bill 642) which created the Texas

Council on Workforce and Economic Competitiveness (TCWEC) as a state agency responsible for workforce development planning. But this legislation had its roots in a number of different efforts–most notably formal performance reviews in 1991 and 1993 that recommended consolidating portions of the workforce and economic development programs and a report from the Legislature in 1993, *A Quality Workforce: The Premier Chip in a High-Stakes Game*, which also recommended a more consolidated approach to workforce development.

TCWEC was established to serve as an overarching human resource investment council charged with submitting a plan for the consolidation of Texas' major workforce programs by the end of 1994. Unfortunately, the TCWEC only accomplished a part of its intended purpose. After struggling with the issue of whom was to be in charge, the TCWEC in December of 1994 delivered a plan for consolidation which outlined the programs that should be grouped together but failed to address the question of governance.

The TCWEC was not alone in its efforts to draft a redesign for the Texas system. Two other reports from the Comptroller's office, released in late 1994 and early 1995, both called for sweeping change for workforce development and the welfare systems. A common element in both was agreement that employment and training efforts needed to be consolidated under one state agency. The result of these and other reports was House Bill 1863, passed in 1995. This law, which formally amended Senate Bill 642, is the legal cornerstone that resulted in the creation of the Texas Workforce Commission and set in place the major reorganization of the Texas workforce development system.

Section 2: Organizational Description: State Level

The Concept

Based on the information in the reports available, inefficiency and confusion in the workforce development system were key issues, but not the only ones that Texas hoped to address through reorganization. The other concerns were:

- Business does not effectively participate in government-funded workforce development;
- Combining programs will not adequately address future needs; an entirely new way of doing business is needed;
- Local control and direction are lacking and local workforce investment boards must take on a much broader role in policy and planning than the role performed by PICs;
- Competition among prospective service deliverers on the local level must play a role in ensuring better services; and
- State service delivery operating at the local level should eventually be phased out.

Based on all the concerns, six design principles were identified as critical to the overall success of the workforce development system. The system must be:

1. *Driven by business;*
2. *Locally designed and implemented;*
3. *Universally available;*
4. *A seamless, lifelong learning opportunity;*
5. *Responsive to each customer's needs;* and
6. *Measurable and accountable for short and long-term results.*

The Mission and Goals for the System

To address the workforce issues, the Texas Workforce Commission (TWC) was created as a state agency that would bring together all of the workforce development programs then housed in a number of agencies. The TWC mission statement and philosophy illustrate the new direction planned for workforce development. The following are directly quoted from these statements:

- "**Mission of TWC**: To place Texans in jobs and equip workers with the skills that foster economic development."
- "**The TWC Philosophy**: The Texas Workforce Commission will act in accordance with the highest standards of ethics, accountability, and efficiency. We affirm a commitment to assist individuals who assume personal responsibility for improving their lives through an integrated system of work, training, and education. We will encourage local control and competition in the provision of services to those individuals. We acknowledge and affirm that the needs of business must drive the system. We undertake our mission in the belief that a well-founded state and local partnership will result in a workforce system that benefits individuals and the Texas economy."

Along with the mission and philosophy statement, the commission has established goals for the system.

"Work-First" Goal

- Increase the percentage of Texans who become and remain independent of public financial assistance.

Systems Goals:

- Goal One: To develop a statewide system of local workforce development centers where all clients and employers can conveniently access a network of information and services responsive to their individual needs.

- Goal Two: To develop a state/local strategic planning, evaluation, and accountability system for the state's workforce development programs and activities.

Program Goals:

- Goal One: All Texans will have the literacy, basic education and basic workplace skills necessary for educational and career advancement.
- Goal Two: Participants/workers will acquire the occupational skills to meet workplace requirements for long-term employment and work toward sustaining employment in high-skill, high-wage occupational areas.
- Goal Three: All youth will be prepared with the knowledge, skills, and behaviors necessary to make the transition into meaningful, challenging, and productive pathways in high-skill, high-wage careers and lifelong learning.

A Functional Approach

A key part of the Texas plan is to use a functional approach to organizational structure as opposed to the categorical approach to service delivery that had been the norm in Texas and most other states for the past fifty years. HB 1863 assigns the Texas Comptroller the responsibility for designing a new state agency that consolidates workforce development programs in the State. As noted, this new state agency is called the Texas Workforce Commission (TWC). It has operational responsibility for more than two dozen programs. A specific list of the programs follows in the section on "Merged Programs."

The TWC is organized as a three-person commission appointed by the governor, representing labor, employers and the public. The Commission has rule-making authority for all the programs under the TWC and appoints an Executive Director to run the day-to-day operations of the TWC. The Executive Director is seen as a link between business and government workforce development programs. The

terminology used is that the Director acts as a "deal maker" responsible for bringing government and business together. The Director is also charged with ensuring that programs and services are implemented in both effective and efficient ways.

There are four divisions in the TWC:

- Business Services
- Workforce Development
- Unemployment Insurance and Regulation
- Administration

The Business Services Division is charged with ensuring strong business involvement by:

- Meeting with employers to obtain feedback on all programs;
- Assisting employers that are experiencing problems with workforce issues and/or programs; and
- Assisting employers that are planning relocation to Texas or expansion in the State to obtain workforce development services.

The Workforce Development Division has a number of key responsibilities. This division is organized into sections which provide technical assistance and oversight for state and local workforce development activities. These sections cut across traditional program lines:

- *Local Technical Assistance:* Charged with providing local boards with a support system that includes contract design, board training, one-stop center development, etc.
- *Policy, Planning, and Performance Assessment:* Charged with appraising the needs of the state and creating both strategic and operational plans to meet those needs; developing performance measures and reviewing outcomes to determine success; reviewing local plans and making recommendations to the Council on the plans.

- *Fiscal Monitoring:* Charged with ensuring fiscal accountability and providing fiscal evaluation.
- *Technology and Information Resources:* Charged with developing and maintaining a management information system and disseminating state labor market information, and developing and maintaining a consumer information system.
- *Transitional Services:* Charged with supporting and overseeing the areas in the State that opt to continue receiving direct services from state staff until that function is phased out.

The Unemployment Insurance and Regulation Division operates the State's unemployment insurance compensation program, enforces various employment laws and administers two certification programs. The plan calls for unemployment services to be available at all one-stop centers and for the increased use of automation.

The Administration Division is a centralized personnel and general services unit for the entire Commission.

Programs Merged

The programs merged under the TWC come from a number of different Boards, Commissions and Departments. In some instances, entire agencies were merged as a part of the new TWC. Below is a list of the programs included as part of the new TWC and the old system configuration.

Program	Formerly Housed In
Child Labor Law	Employment Commission
Communities in Schools	Employment Commission
Employment Services	Employment Commission
Labor Market Information	Employment Commission
Minimum Wage Law	Employment Commission
NAFTA-TAA	Employment Commission
One-Stop Grants	Employment Commission
Payday Law	Employment Commission
Trade Adjustment Assistance	Employment Commission
Unemployment Insurance	Employment Commission
Veterans Employment Program	Employment Commission
Work and Family Policies	Employment Commission
Apprenticeships	Education Agency
Proprietary School Regulation	Education Agency
Veterans Education Certification	Education Agency
State Occupational Information Coordinating Committee	TCWEC
School-To-Work Transition	TCWEC
Project Rio	Dept. of Criminal Justice
Senior Employment Program	Dept. of Aging
Job Training Partnership Act	Dept. of Commerce
Literacy Programs	Dept. of Commerce
National and Community Services Act	General Services Commission
Post secondary vocational technical programs	Higher Ed. Coor. Board
Employment Incentive Program	Dept. of Human Services
Food Stamp E & T	Dept. of Human Services
JOBS (TANF)	Dept. of Human Services
Low-Income Child Care	Dept. of Human Services

Section 3: Organizational Description: Local Areas

While the consolidation of all programs is required at the state level, consolidation in the 28 local service delivery areas is optional (but encouraged). Chief elected officials in each local area are given the opportunity to create a workforce development board and use the board to redesign the local service delivery system or they can continue business as usual. The same six design features that were identified for the state are expected to be applied by the local boards in the designing of the local areas' service delivery systems.

Local areas have three basic organizational options:

- To create a workforce development board, devise an integrated plan and obtain a block grant from the TWC;
- To create a workforce development board and contract back to the TWC for services while the new board determines how to structure the local system; or
- To continue the current organizational structure with the PIC responsible for JTPA activities and the TWC state staff operating the labor exchange.

The obvious incentive for forming a workforce board is the promise of a block grant to replace all of the traditional funding streams that are spent in the local area. The local boards are intended as business-oriented planning, oversight and evaluation mechanisms that work for the local elected officials. They have the same general composition as PICs but have two significant differences:

- They are responsible for the planning and oversight of a larger number of programs and resources; and
- They cannot directly operate programs.

The local boards are required to have an independent staff. They must design and contract for distinct business services and people services operations and are given the job of designing and contracting for Career Development Centers

(one-stop shops). One-stops are assigned the central intake, labor exchange and information collection and dissemination responsibilities for the local areas. Vendors that operate one-stops are prohibited from being education and training vendors unless no other vendor is available in the local community.

The business services portion of the service delivery plan includes account executives who regularly meet with business to ascertain and understand their needs and to explain available services. Furthermore, business is to be given on-line electronic access to a wide range of services and information.

To date, more than half of the areas in Texas have formed a local workforce development board and have submitted or are planning to submit integrated plans to the State for which block grants will be allocated.

Section 4: Other Considerations

Federal Barriers

Like the other case model states in this report, Texas is a work-in-progress. The actual transition of the programs to the TWC has been completed but several of the local areas are still in the process of determining which organizational option makes sense for them. While remarkable progress is being made, more remains to be accomplished. Some issues those pose barriers to the Texas approach have developed.

- The absence of the anticipated federal block grants makes state block granting cumbersome.
- In response to concerns raised by state employment service officials, the federal government has prohibited Texas from contracting the Employment Service functions to non-governmental organizations. One of the cornerstones of the Texas approach was to allow maximum local flexibility. This ruling obviously inhibits some of the desired local flexibility.

Integration of National Initiatives

The reorganization of the workforce development system in Texas came at the same time that three major federally initiated efforts were being implemented. One-stop-shops, school-to-work transition and welfare-to-work (as a part of the welfare reform effort) all appear to be an integral part of the Texas reorganization. In fact, the one-stop effort is being used as a primary implementation vehicle for the reorganization effort.

To Recap, Texas Has . . .

- *Passed legislation in 1993 that created the Texas Council on Workforce and Economic Competitiveness and charged this Council with designing a plan to reorganize the state's workforce system;*
- *Passed legislation in 1995 that resulted in the consolidation of all major workforce development efforts under a single, new state agency called the Texas Workforce Commission (TWC);*
- *Organized the TWC so that its focus is clearly on business services and workforce development and not on federal categorical programs;*
- *Created local flexibility in that local areas can continue workforce development efforts as in the past or accept the option of creating new Workforce Development Boards and receiving a state block grant that combines a number of workforce development resources;*
- *Authorized local Workforce Development Boards which have planning and oversight responsibility for all state and local workforce development efforts. While the new Boards cannot directly operate programs, they are vested with the authority to design the local system, allocate resources, select the vendors of services, and oversee all operations in the local areas.*

B. Utah

Section 1: Background

In the workforce development arena, Utah is redefining the term "devolution." Like several other states, Utah is reorganizing its workforce development efforts. Typically, states that are seeking greater control and consolidation of operations are also planning to pass that control and authority along to local areas. This is not the plan in Utah. Utah is looking to both consolidate federal programs and take back the operational control of those programs from local areas so that the State can provide a unified workforce investment service system.

Consolidation is not a new idea in Utah. A consolidation proposal came from within the State Job Training Coordinating Council (SJTCC) in the late 1980s to establish a Department of Employment comprising primarily the Department of Employment Security and the State Office of Job Training. A persuasive argument presented was that a low-income family in Salt Lake City would have to visit 18 separate offices to apply for all of the help for which they were eligible. That proposal gained widespread support within the SJTCCS and from several agencies outside. However, it foundered on three points:

- The first was that the Industrial Commission opposed its loss of the Department of Employment Security.
- The second was that the various agencies could not agree upon a single entry form which would meet the reporting requirements for all.
- Finally, there was no interested central authority willing to take on the challenge of a major government reorganization.

The election of Governor Michael Leavitt altered the equation. He strongly advocates devolution of authority from the federal to the state level. However, his preference is clearly "recentralization" from the local areas back to the state. It was

the prospect of the passage of federal legislation for welfare reform and workforce block grants which led him to introduce to the Utah State Legislature House Bill 375 which is driving reorganization in the State. The bill, which went into effect on July 1, 1996, directs that a new Department of Workforce Services (DWS) be created to consolidate workforce programs.

Utah in Brief

Like many Western states, Utah is geographically rural but demographically urban. While the vast majority of the state's 85,000 square miles are rural and sparsely populated, 77 percent of the state's population of more than two million live within four counties (out of a total of 29) comprising the urban Wasatch Front at the foot of the Wasatch Mountains, with Salt Lake City at its center. The state has long wrestled with the problem of how to allocate public services equitably and within a convenient distance to rural residents. Obviously, costs to deliver services in rural areas requires a much greater expenditure per recipient than is the case along the urban Wasatch Front.

While most Utahns have benefitted from a very strong economy during the mid-1990s, with an average unemployment rate of 3.7% between 1993 and 1995, and an even lower average rate of 3.2% throughout 1996, rapid job creation has not impacted many of the state's rural areas, where the natural resource based local economies have always been subject to a boom and bust cycle. Some rural counties still regularly register unemployment rates close to 10 percent. Providers of employment services, job training, and welfare services obviously face very different challenges in these parts of the state, compared to the fast-growing and economically diverse Wasatch Front.

During state fiscal year 1995, Job Service, Utah's Employment Service agency, took more than 245,000 applications and over 172,000 job orders, making nearly 107,000 placement transactions. Of the major state-administered job training programs, JTPA provided training to nearly 6,200

clients, approximately equally divided between disadvantaged adults, disadvantaged youth, and dislocated workers; Utah's Single Head of Household program helped 666 single parents attempting to move from welfare into the labor force; the Turning Point Program (funded by the Carl Perkins Act) helped more than 7,500 displaced homemakers trying to develop careers; Vocational Rehabilitation provided services to 19,441 disabled Utahns; and the Office of Family Support administered AFDC benefits for more than 16,000 families per month and Child Care assistance for more than 14,000 families per month. All of these programs–as well as others–will be a part of the consolidation effort.

Section 2: Organizational Overview

Consolidation

The State of Utah plans to build one state controlled service delivery system. House Bill 375 outlines the approach that is to be taken. In the bill, 36 programs administered by five agencies, all with the primary focus of helping individuals gain employment, are cited. The bill notes the red tape, administrative duplication and multiple case management that currently exists and advocates simplification, efficiency, improved services and welfare reform as goals.

It directs that the Industrial Commission, the Department of Employment Security, the Office of Job Training, the Office of Family Support, the Office of Child Care and Turning Point be consolidated into a single department–the Department of Workforce Services (DWS). The new department is to have an Employment Development Division for delivery of services, a Labor, Safety and Program Regulation Division, and an Adjudication Division. Passed in February 1996, an executive director was appointed in March to assemble work groups to complete the detailed design of the new department. Implementation proposals were due to the legislature in January, 1997 for a July 1, 1997 launch.

Mission and Goals

The new department will target three customer groups:

- Job-ready job seekers;
- Disadvantaged job seekers; and
- Employers.

Customer service has been identified as the highest priority of the Department, and the stated goals formulated to achieve it are fourfold. First, the combined organization is designed to simplify the process of service delivery for providers and clients alike by providing the One-Stop Employment Assistance Centers (EACs), allowing clients to receive all available services related to achieving employment in one place and in an integrated fashion.

This simplified process is closely related to the second goal–efficiency. Along with avoiding customer confusion, the consolidation of agencies and programs will avoid duplication of services and make use of a new shared client data base. The goal is to provide more services with fewer resources. In part, this efficiency is to be achieved through greater use of self-help and technology-based services for those capable of using them, freeing up the majority of the Department's resources for those clients needing more personalized assistance.

The third goal of the Department is improved service. This goal is embodied in a unified case management approach to service delivery made possible by the consolidation of programs and the shared client data base. The Department's goal is to provide each client with a knowledgeable case manager who will be able to guide the client through the range of services available from the Department based on an assessment of the client's particular needs.

The fourth stated goal of the Department is to contribute to the state's welfare reform efforts. Utah's Family Employment Program (FEP), enacted by the same legislature which created DWS, was originally designed to take advantage of more than fifty waivers of federal AFDC and Food Stamp regulations which the state had received. These waivers were originally

requested in order to facilitate the state's Single Parent Employment Demonstration (SPED) program, a successful experiment which applied the case management approach now embraced by DWS to welfare recipients, helping to reduce the state's welfare caseload. The SPED waivers were designed to remove the bureaucratic barriers which made it difficult for welfare recipients to make a permanent transition into the labor force. This was achieved through measures such as increasing the amount of earned income allowable to AFDC beneficiaries, and easing restrictions on transitional assistance such as Child Care and Transitional Medicaid.

As part of the state reform, DWS will also take over responsibility for the provision of welfare benefits, as components of the former Department of Human Services are incorporated into the new organization. Rather than going to the welfare office for benefits, clients will now visit a one-stop EAC, where case managers will guide them to the job training, child care, and employment services available to help them move into the labor force.

As noted, legislation calls for the new Department of Workforce Services to have three divisions:

- An Employment Development Division for delivery of services;
- A Labor, Safety and Program Regulation Division; and
- An Adjudication Division.

The workgroup that has been refining the planning for the implementation of the new DWS has further recommended that the Employment Development Division be subdivided into two divisions, the Division of Direct Services and the Division of Policy and Programs.

Programs Merged

The following list illustrates the variety of programs to be administered by the new Department and for the most part

offered exclusively through the Employment Assistance Centers. The former administrative agencies are also listed:

Program	Formerly Housed In	Program in Brief
Family Employment Program/TANF	Office of Family Support	Previously AFDC/JOBS.
Emergency Work Program	Office of Family Support	Small state-funded program provides emergency assistance to unemployed two-parent families or childless individuals and couples. Clients work 32 hours per week community service and spend eight hours per week searching for a job.
WEAT	Office of Family Support	An on-the-job training program for welfare recipients.
JTPA Title III	Employment Service	Assistance to dislocated workers.
Unemployment Insurance	Employment Service	Unemployment Insurance Benefits Program.
JTPA Title II A/B/C	Office of Job Training	Training Services for Economically Disadvantaged Adults; Summer Youth Employment and Training Program; Youth Employment and Training Program.
Food Stamp Employment and Training	Employment Service	Job preparation and job search assistance for Food Stamp recipients.
Turning Point	Office of Education	Counseling and training services to individuals who are attempting to find jobs after an extended period out of the labor force.

Program	Formerly Housed In	Program in Brief
State Single Head of Household Training	Office of Job Training	State supplement to federal job training programs used to help welfare recipients with little job experience.
Wagner-Peyser Program	Employment Service	Labor exchange services.
Veterans Employment	Employment Service	Labor exchange services for eligible veterans.
Worker Profiling and Re-Employment Service	Employment Service	Career planning, resume writing, interview techniques, and other aspects of the job search, by way of self-help (computers), workshops, and individualized counseling.
Migrant and Seasonal Farm Worker Programs	Employment Service	Labor exchange services for eligible migrants and farm workers
Homeless Training	Employment Service	Labor exchange services.
Native American Programs	Employment Service	Programs are available to assist the Native American populations living on reservations in Utah.
Alien Worker Certification	Employment Service	
Labor Market Information Services	Employment Service.	Development and distribution of customer labor market information.
Child Care	Office of Child Care/OFS	Child care
Refugee Resettlement	E S/Human Services	

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Section 3: Organizational Description: Local Level

While the Utah reorganization is a work in progress, current plans indicate an approach to local involvement that differs from the other states that have been a part of the case studies for this report. Service delivery areas in Utah are currently determined by the various agencies, ranging from four regions administered by the Office of Family Support (Utah's welfare agency) to nine service delivery areas administered by the Office of Job Training. With the proposed Department of Workforce Services, a uniform service delivery system will be created, with five administrative regions and eight planning regions, the latter combining two of the previous nine Job Training regions into one, but otherwise utilizing the same geographic boundaries as previously established for the JTPA system. The regions were defined to reflect the state's labor market and demographic patterns.

The legislation states that the State Employment Development Division will:

- Provide services through five regional workforce service areas; and
- Eight regional councils will develop regional workforce service plans that meet the unique needs of the area within parameters that ensure statewide consistency.

The staffs of the five service delivery regions will be state employees of DWS rather than employees of local governments or of the PICs as had been the case previously.

Section 4: Other Considerations

Integration of National Initiatives

Both welfare reform and one-stop shop centers have been given a great deal of consideration in the Utah reorganization planning. One-stops–which are called Employment Assistance Centers in Utah–are being used as a central organizing theme. Practically all workforce development services and welfare-to-

work services, along with linkages to many other related services, will be provided under this umbrella. Using this theme, it is expected that the new Department, by the year 2000, will be administering 48 one-stop Employment Assistance Centers consolidating the majority of existing workforce investment services currently offered through 106 separate offices of the various agencies devoted to employment service, job training, and welfare programs.

Local Control

The approach of centralizing all services under state control would present a significant challenge in most states. Utah appears to have obtained the support of local officials for this approach. In the absence of changes in federal law that might alter the current right of local officials to demand the pass through of JTPA funds from the State, it will be interesting to see how changes in elected officials impact upon this arrangement over time.

To Recap, Utah Has . . .

- *Passed legislation in 1996 that resulted in the consolidation of all major workforce development efforts under a single, new state agency called the Department of Workforce Services;*
- *Laid the groundwork to centralize the delivery of all services to both employers and job seekers under the state operated one-stop shop centers called Employment Assistance Centers;*
- *Created regional workforce planning councils to provide an avenue for local input.*

C: Florida

Section 1: Background

With the passage of the "Workforce Florida Act of 1996"–which took effect July 1, 1996–Florida set in place one of the most innovative approaches to re-engineering workforce development programs that we have encountered in our survey of the states. Many of the leading edge states reviewed are seeking to create so-called "super agencies" at the state level as a means of consolidating and coordinating workforce development activities. Florida has taken a different tack. They are creating a workforce development system built on a collaborative planning and public accountability process focused on specific strategies. The organizational frameworks are a public/private sector partnership, the Enterprise Florida Jobs and Education Partnership at the state level, and new regional workforce development boards at the local level. These groups are supported both by a particularly well developed data collection and reporting system that provides the underpinning for increased accountability and a significant level of incentive funds awarded based on program outcomes.

Florida estimates that it spends close to a billion dollars annually in workforce development activities. In that it is one of the largest and fastest growing states, this is not surprising. With a population of over 13 million, Florida is the nation's fourth most populous state. Twenty-five workforce development areas serve the State's sixty-seven counties.

According to reports from the state, the workforce development system needed to be reorganized to address numerous issues. Primarily:

- The need to integrate workforce development with economic development;
- Training programs need to be market-driven;
- Accountability, especially a focus on long term program outcomes, was lacking;

- Increased coordination of state, federal, local, and private funds was needed; and
- Better integration of services at the local point of delivery was deemed critical.

Earlier legislation, passed in 1994 and 1995, set the stage for the Workforce Florida Act of 1996, which established a clear framework for an integrated and accountable workforce development system.

Section 2: Organizational Description: State Level

The Florida system is being designed around four critical strategies: One-Stop Career Centers, School-to-Work, Welfare-to-Work and a strategy called "High Skill/High Wage Jobs." Section 1, Part 4 of the Act (see below) describes the focus for workforce development:

> The workforce development strategy shall be designed by the Enterprise Florida Jobs and Education Partnership . . . and shall be centered around the four integrated strategic components of One-Stop Career Centers, School-to-Work, Welfare-to-Work, and High Skills/High Wage Jobs.

(a) One-Stop Career Centers are the state's initial customer-service contact strategy for offering every Floridian access, through service sites, telephone, or computer networks, to the following services:

1. Job search, referral, and placement assistance;
2. Career counseling and educational planning;
3. Consumer reports on service providers;
4. Recruitment and eligibility determination;
5. Support services, including child care and transportation;
6. Employability skills training;
7. Adult education and basic skills training;
8. Technical training leading to a certification and degree;

9. Claim filing for unemployment compensation services;
10. Temporary income, health, nutritional, and housing assistance;
11. Child care and transportation assistance to gain employment; and
12. Other appropriate and available workforce development services.

(b) School-to-Work is the state's youth and adult workforce education strategy for coordinating business, education, and the community to support students in achieving long-term career goals, and for ensuring the workforce is prepared with the academic and occupational skills required for success.

(c) Welfare-to-Work is the state's strategy for encouraging self-sufficiency and minimizing dependence upon public assistance by emphasizing job placement and transition support services for welfare recipients.

(d) High Skills/High Wage Jobs is the state's strategy for aligning education and training programs with the Occupational Forecasting Conference under s. 216.136, Florida Statutes, "for meeting the job demands of the state's existing businesses, and for providing a ready workforce which is integral to the state's economic development goal of attracting new and expanding businesses."

As stated earlier, the state umbrella for the reorganization effort is called Enterprise Florida Jobs and Education Partnership, which was started in 1994 as part of Enterprise Florida, Inc. Enterprise Florida, Inc. was created by the legislature as a public-private partnership with the mission of creating an environment in Florida that would lead to a more diversified and competitive economy characterized by better employment opportunities and higher wages. Their goal is to create 200,000 high-wage jobs by the year 2005.

The Jobs and Education Partnership, which we will simply call the "Partnership," was designated as the state's human resources investment council. The Board of Directors for the Partnership includes the Lieutenant Governor, the major human resource cabinet secretaries, the education

commissioner, members of the legislature, business and labor leaders, and representatives from local governments, education, regional workforce boards, and community groups. Along with the duties outlined in the federal JTPA law for a state human resource investment council, the Partnership is responsible for an impressive array of additional duties:

- Assisting in developing the state's strategic economic development plan;
- Designing the state's workforce development strategy, to include guidelines for a market-driven, placement-based, community-managed, and customer-focused workforce development system, along with devising performance standards and costs measures for job placement, direct customer service, and overall service delivery. At least 90 percent of workforce development funding is required to go into direct customer service costs and funds must be allocated to procure independent job-placement performance evaluations;
- Evaluating the performance and effectiveness of Florida's workforce development programs;
- Soliciting, borrowing, accepting, receiving, investing, and expending funds from any public or private source;
- Contracting with public and private entities as necessary to further implement the workforce system;
- Implementing a transition plan consolidating and coordinating affected communities, councils and agencies and their funding into the state's workforce development strategy;
- Implementing a process for granting local charters to the Regional Workforce Development Boards to align local workforce groups' resources and services. This process includes development of a local plan by the Regional Workforce Development Boards to structure the local systems and eliminate unwarranted duplication, minimize administrative costs, and increase responsiveness to the businesses, communities, and workers;

- Identifying resources that can be directed to local charters and designs that can make state expenditures more job-placement-focused and performance-based;
- Establishing procedures to award resources and incentives to chartered communities and to measure the job placement outcomes of those charters, rewarding positive outcomes, and penalizing negative outcomes, ultimately revoking failing charters; and
- Consulting with business, labor, community groups, workforce development groups, and educational institutions, to develop workforce development innovations.

The Partnership does not directly operate any service program. The majority of programs have been and remain under the auspices of three state agencies:

- The Department of Education, which administers vocational education through post secondary vocational training programs offered by school districts and community colleges;
- The Department of Labor, which administers training programs for individuals who have difficulty obtaining gainful employment due to various social, economic, or physical disabilities; and
- The Department of Commerce, which administers the state's Quick Response Training Program designed to meet short-term training needs of new and expanding companies.

The legislature has earmarked 30 million dollars of existing state and federal funds to be used as incentives for training programs. To be eligible for incentive funds, training providers must provide training in one of the occupations that has been pre-approved by the state and then must meet the performance outcomes set by the state.

Florida has a well established data collection mechanism for obtaining follow-up data on people who had been a part of a workforce development program. Called the Florida Education and Training Placement Information Program, this program is administered by the state's Department of Education and all workforce development and education programs are required by law to use it to provide public accountability.

Section 3: Organizational Description: Local Level

The second major component of the Florida system is the network of twenty-five regional workforce development boards. These boards were established by law to provide a central focus for all workforce development at the local level. While PICs may be restructured as Regional Boards, the Boards themselves cannot operate programs. Each designated service delivery area in the state must have a Board. The membership and responsibilities of the board are consistent with the federal JTPA law for PICs, and members are appointed by the chief elected official.

Regional Workforce Development Boards have the following responsibilities:

- Develop and oversee the procedures connected with the charter process designed by the Partnership;
- Review, approve, and ratify the local Job Training Partnership Act plans;
- Conclude agreements necessary to designate the fiscal agent and administrative entity;
- Provide ongoing oversight related to administrative costs, duplicated services, career counseling, economic development, equal access, compliance and accountability, and performance outcomes for all local workforce activities;
- Designate all local service providers.

In addition, as mentioned earlier, Florida has carefully sorted out appropriate state and local roles and relationships. One of the key features of the system is the design and implementation of a workforce development system under the charter process approach which ensures local design and control of service delivery and targeted activities while maintaining state parameters and focus areas. At the state level, the Partnership is responsible for granting charters to Regional Workforce Development Boards after they have developed a comprehensive local plan consistent with the state's workforce development strategy and with the strategic components of

One-Stop Career Centers, School-to-Work, Welfare-to-Work, and High Skills/High Wage.

The local plans, developed by the Regional Boards, specify methods for allocating all resources and programs in a manner that eliminates unwarranted duplication, minimizes administrative costs, meets the existing job market demands and the job market demands resulting from successful economic development activities, ensures access to quality workforce development services for all Floridians, and maximizes successful outcomes. As part of the charter process, incentives are used to encourage effective coordination of federal and state programs, successful job placements, and collaborative approaches among local service providers.

To Recap, Florida Has . . .

- *Passed legislation that requires the integration of workforce and economic development at the local level;*
- *Created through legislation a public/private partnership group called the Enterprise Florida Jobs and Education Partnership with the responsibility of integrating the system and driving it toward excellence through strict accountably and an incentive system;*
- *Focused the system on four interrelated strategic activities–One-Stop Career Centers, School-to-Work, Welfare-to-Work, and High Skills/High Wage;*
- *Required the creation of Regional Workforce Development Boards to provide a central focus for all workforce development activities at the local level. Regional Boards, which cannot operate programs, are a part of a state designed charter system which gives them the leadership role in planning services, allocating resources and overseeing the outcomes of the system.*

D. Michigan

Section 1: Background

With a population of close to ten million, a labor force approaching five million and annual spending of nearly a half a billion dollars, workforce and economic development is a critical enterprise in Michigan. The state has been working on its workforce reorganization efforts longer than the other three states in this study. And the progress made has been significant.

Via a series of executive orders, the Governor has created the Michigan Jobs Commission and transferred all of the state and federal resources for economic and workforce development to that Commission. The stated purpose for the Michigan reorganization effort was to combine all workforce and economic development efforts and to create a service delivery system for both job seekers and employers that would foster economic expansion and workforce development in the state. While implicit in many of the state reorganization efforts reviewed in this monograph, Michigan (with Florida being a close second) makes the strongest connection between workforce and economic development.

Section 2: Organizational Description: State Level

The reorganization at the state level is best described by reviewing the Michigan Jobs Commission. The Commission, or MJC, was originally created as a temporary agency by an Executive Order in early 1993 and charged with developing an approach for a consolidated human resource and economic development system. Late in 1994, Governor Engler signed a second Executive Order which made MJC a permanent department of state government responsible for business retention, economic and workforce development. Through other Executive Orders, programs from the departments of

Labor, Commerce, Education, and Social Services have been transferred to the MJC. These include all job training, economic development programs, the JOBS program, and vocational rehabilitation. The Governor's authority to move the Employment Security Commission (Job Service and Unemployment Insurance) into MJC via an executive order was challenged by the unions that represented the Employment Security staff. The courts have upheld the Governor's authority and recently the state supreme court refused to hear the case so, unless there is a further appeal, the Employment Security Commission will shortly become a part of the MJC as well.

Before outlining the state organization, a bit of explanation is in order. The Michigan Jobs Commission is the name used for both a large group of mostly private sector people appointed by the Governor, and the state agency created to consolidate workforce and economic development efforts. The Michigan Jobs Commission is chaired by the Governor and, while it deals with specific workforce development issues, it is primarily focused upon economic development strategies. The Governor's Workforce Commission–the State's Human Resource Investment Council–is the group that primarily works with the Governor and the state on workforce investment issues.

The state agency, the Michigan Jobs Commission, which we refer to as the MJC in this monograph, is a "super" agency in every sense of the word. It is one of the only departments in the nation that our survey found which administers all of the state's business retention, economic and workforce development efforts.

Mission and Goals

The MJC's mission is:

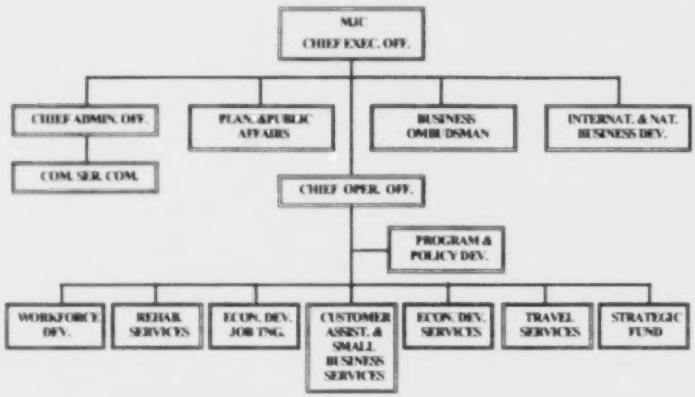
> to work in partnership with local communities and existing Michigan business to retain and expand job opportunities, prepare Michigan workers for job opportunities and improve Michigan's overall business climate.

The goals of the MJC are:

- Work with existing Michigan businesses to retain and expand jobs through an aggressive business retention program and coordination of business assistance services through interdisciplinary account management teams;
- Prepare Michigan's workforce for job opportunities by coordinating the state's job training programs and linking them with economic development; and
- Improve Michigan's overall business climate through benchmarking Michigan to competitors, surveying Michigan businesses and developing actions that address any relevant issues.

Organizational Structure

The MJC is organized in a two-tier fashion. It is best described graphically:



The organizational structure clearly reflects the goal of integrating economic and workforce development. A review of the Divisions reporting to the Chief Operating Officer provides an indication of the array of programs that were merged to form the MJC:

- **Workforce Development Division:** Employment and Training (all JTPA), Work First (the employment portion of the welfare block grant), and School-to-Work;
- **Rehabilitation Services Division:** Vocational Rehabilitation, Independent Living, Career and Technical Institute and Employer Disability Related Services;
- **Economic Development Job Training Division:** Economic Development Job Training;
- **Customer Assistance and Small Business Services Division:** Customer Assistance, Research, Occupational Information System Coordinating Committee and Small Business Services;
- **Economy Development Services Division:** Michigan Account Management, Account Management Services and Community Development Services;
- **Travel Services Division:** Tourism Marketing and Travel Services;
- **Michigan Strategic Fund Division:** The Strategic Fund, Economic Growth Authority, Base Conversion Authorities and Targeted Business Roundtables.

Now that the court suit involving the Employment Security Commission appears to be at an end, the Job Service, Unemployment Insurance and other related employment service programs will be added to the MJC.

Section 3: Organizational Description: Local Level

At the local level the system is designed around Workforce Development Boards which have responsibility for all workforce development activities at the local level and for the 26 local Michigan Works! agencies offering workforce development services for the 26 service delivery areas in the state. A central support organization called the Michigan Works! Association is used to assist the local agencies to foster high-quality employment and training programs by providing

central support activities, training, and a forum for information exchange.

The organizing theme at the local level is the development of the "No Wrong Door" concept. This is the state's term for the one-stop service centers which are being used as a mechanism to integrate and consolidate the entire array of workforce development programs and resources. The purpose of the "No Wrong Door" system is to develop a fully operational statewide system which provides customers, both employers and job seekers, with access to a full range of services that are seamless, easily accessible and customized to meet individual needs.

Workforce Development Boards (formerly PICs) are given the authority to develop local plans for the entire system. Once the plans are approved, the Boards have oversight authority. As the transformation of the PICs to Workforce Boards occurs, the direct operational involvement of the Boards in service delivery will end by July of 1997.

The Boards, which are appointed by local elected officials, have the direct responsibility for all of the JTPA activities, the Work First program (Welfare-to-Work) and the school-to-work efforts. Through the integrated planning process, the Boards have the ability to blend all of the other workforce services and resources to create the local "No Wrong Door" system. One integral concept in the planning process requires that the local plans will drive the state plans, meaning that the state agency service providers are expected to follow the lead of the local Board in determining how services need to be organized at the local level. It is important to note that, as well as taking the lead role for workforce development planning, the local Boards are expected to be full partners in all local economic development activities.

To Recap, Michigan Has . . .

- *Through a series of executive orders, consolidated all of the workforce and economic development programs and resources under one state agency called the Michigan Jobs Commission;*

- *Created a local integrated planning process headed by local Workforce Development Boards that will not operate programs directly but will be charged with the responsibility of developing and overseeing Michigan's "No Wrong Door" system at the local level. The "No Wrong Door" system will effectively integrate all workforce development services for both job seekers and employers;*
- *Utilized an existing association of local service agencies, called the Michigan Works! Association, to provide support and technical assistance for the entire local system.*

V. Lessons Learned: Guiding Principles and Recommendations

It is clear that the workforce development landscape presents a very different scene today than the perspective of even five years ago. As a result of impatience and frustration arising from duplicative paperwork, overlapping agency responsibilities, customer dissatisfaction, the increased voice of the private sector, new federal initiatives that require interagency collaboration, and a year of debate on Capitol Hill have led political leaders, employers and professional staff to begin grappling with a whole range of complex issues in an effort to develop a more rational system with well-delineated roles and responsibilities in order to better serve job seekers and employers.

As we have seen from the state survey data, there is no consistent pattern emerging, other than the growth of Human Resource Investment Councils (HRICs) at the state level. The roles and responsibilities of the HRICs vary considerably across the states and we predict that it will take a reasonable period of growth for most of them to transform from policy advisors to policy makers. But we have concluded that integrated state organizational structures are not critical for or necessary to the evolution of a coherent workforce development system. **Collaborative policy discussion, if carefully orchestrated and well staffed, is a productive start toward building a more coherent system. The survey data amply reinforced the fact that states are engaging in this type of dialogue. In time, it should lead to collaborative policy making, particularly if the effort is undergirded by a well-crafted accountability system and political will.**

As the Congress contemplates revisiting workforce consolidation, and as states and localities continue to struggle

to make a rational whole out of the categorical parts of the existing system, it seems appropriate to articulate fairly clear guiding principles and recommendations which have emerged from case studies, surveys, and discussion with thoughtful observers, all of which have been part of this investigation.

At the Federal Executive Level

It is clear that the majority of states model their approaches to workforce investment on the federal organizational structure and categorical funding streams. Thus far, the federal response to "integration, cooperation and collaboration" has amounted to exhorting the states and local areas to "pull things together." States and localities have responded, not unreasonably, "show me." If, in fact, we believe that the framework of an HRIC can provide a forum for key players to debate issues and shape collaborative workforce investment plans and policies, the time is overdue for the creation of a similar body at the federal level.

An HRIC at the federal level, with a high profile private sector chair, participating cabinet secretaries and labor leaders, along with an independent staff, could:

- Create a new symbolic, as well as institutional, capacity to highlight workforce challenges at the national level;
- Provide a forum for the discussion and development of monetary and fiscal policies to stimulate workforce investments and job growth;
- Serve as a means for problem solving on an interagency, public/private level that is superior to the current turf protectionism and more limited perspective of individual agencies;
- Assist in shaping a comprehensive agenda for research and development activities to be carried out by the various partners and be responsible for disseminating findings in order to influence and improve state and local practices; and
- Establish cross cutting outcome expectations for *a comprehensive workforce development system* and ensure that the

specifications for data systems are in place in order to provide reliable accountability information.

At the Federal Legislative Level

There seems to be a consensus that workforce investment is one of the highest economic development priorities for the country as we approach the next century. Framing legislation that provides some of the tools for that development, as well as encouraging state and local institutional frameworks that provide common ground upon which the private sector, the educational community and the traditional DOL interventions can meet and develop joint strategies is the challenge before us.

When and if the 105th (or a subsequent) Congress revisits workforce investment program consolidation, we recommend a few simple policy guidelines that hopefully will prevent any new initiative from meeting the same fate as its predecessor.

- **We would advise the Congress to simplify its approach to program consolidation:** In the 104th Congress, the House approached the allocation of resources by target groups, while the Senate approached it through functional activities. The lack of fit between the two approaches became a source for endless and irreconcilable debate. In view of the progress (albeit gradual) being made in most states to try to rationalize resources in ways that fit each state, we would urge the Congress not to impede that ongoing progress by superimposing an arbitrary national allocation of resources by strategy (e.g., education, training, etc.) or by target groups (e.g., displaced worker, youth, etc.). Rather, we propose that **Congress describe an allowable set of flexible workforce investment strategies that should include the following**:
  - Career oriented educational services for in and out of school youth and adults;
  - Workplace competencies and skill training;

- On-the-job training and work-based learning opportunities in the public and private sectors;
- The full range of labor market attachment services;
- Support services (counseling, transportation, job retention, etc.);
- Job creation activities; and
- Intermediaries to broker connections between customers, the various investment strategies and employers.

This approach will give states and localities an appropriate set of building blocks with which to tailor-fit local labor market needs as well as the needs of various subgroups of the population to be served.

- **Along with flexible strategies, Congress needs to strike an appropriate balance between meeting the needs of the disadvantaged, the general population and economic development priorities.** Past approaches directing states to allocate "X" percent of a strategy to "X" percent of a targeted subgroup are flawed and will serve only to further recategorize local delivery systems and confuse current state and local planning activities. We recommend instead that **states and localities be directed to focus on populations defined as "at risk" and to spend not less than 50% of their combined resources on these groups utilizing the appropriate mix of allowable activities.** These populations would include youth both in and out of school, unemployed and underemployed poor adults, and displaced workers. The balance of funds could be used by states to focus on economic development activities that create jobs, the school-to-work system to connect education to work, and labor market services that provide universal access and services for all employers and job seekers.

  This approach would have the advantage of both reflecting national priorities and at the same time permitting states and localities to determine where and on whom the greatest investments are needed. It would also permit local labor market conditions and local demographics to help shape those decisions. Prepackaged allocations are ill advised. The

states and localities have moved beyond that and will resist further attempts at recategorization no matter how they are disguised. Despite the validity of this recommendation, we fully recognize the legitimate concerns of advocates for youth and advocates for displaced workers who fear that the pressures on states to reduce welfare rolls may encourage state officials to siphon off scarce funds to serve welfare recipients. However, if target groups are not protected by federal legislation, states and localities will have to act responsibly to allocate resources equitably on behalf of all needy populations in order to maximize the workforce development potential of the state.

- **Congress should recognize that state and local institutional frameworks are needed to carry out our best intentions**: Exhortations to cooperate will ring hollow without the institutional capacity to shape and implement cooperative policies based on the best information available. That information should include earned income by occupation and industry in the labor market, growing industries, industry-education collaborative training efforts, and outcomes from public investments. New legislation should **require states to develop that framework and information base** and empower the Human Resource Investment Councils (now in place in more than half the states) to act in that capacity for the governors. And in recognition that, in the final analysis, all service delivery is local, **that same institutional framework needed at the federal and state level is absolutely critical at the local level and should be required as a condition of receiving funds**.
- **Establish appropriate accountability standards:** Standards and performance measures are essential for a successful workforce development system. Again, we recommend simplicity and focus. A multiplicity of acceptable outcomes has the effect of losing the focus and of reducing credibility with the private sector. Workforce investment is about giving people skills so they are prepared for jobs, getting them jobs and helping them keep those jobs so that their earnings will increase over time. Interim

short term benchmarks may be helpful to inform service deliverers if they are on the right track. But **the most telling accountability outcomes should be learning/skill gains, job retention and increased earnings over time**. That is what this system is about. That is why participants put their hopes in workforce development activities. That is why public dollars are invested.

- **Address the common data elements issue:** For years states and localities have noted that one of the more serious barriers to integrated service delivery has been the differing administrative systems and reporting requirements of the various workforce investment funding streams. In the 1992 amendments to the Job Training Partnership Act, Congress acknowledged these concerns and created a legislative mandate to "identify a core set of consistently defined data elements." Accordingly, an interagency workgroup known as the Core Data Elements Workgroup was established, which developed common definitions and common data elements for more than half a dozen of the major programs. Changes in current reporting requirements were recommended. The Workgroup recognized a degree of urgency in their work since consistency in reported data is an important first step in creating coherent policies for addressing the whole range of workforce investment activities. But these recommendations remain on a shelf gathering dust. The fine work and excellent report of the Core Data Elements Workgroup (the report is called Core Date Elements and Common Definitions for Employment and Training Programs: A Report to Congress, published in 1995 by the U.S. Department of Labor, Employment and Training Administration) is languishing without a mandate for implementation. This mandate must be part of any new legislation to facilitate service delivery and accountability.
- **Address the common administrative system issue:** Workforce development programs do not need to have wildly varying sets of cost parameters, activity requirements and administrative standards. In the JTPA, for example, the cost definitions and allowable activities vary from title to

title. **Make all the administrative systems uniform, flexible, easy to understand, and simple to administer.**

At the State and Local Executive Levels

Two obvious but essential guiding principles emerged from this study for state and local areas to consider when redesigning workforce development systems:

- **Workforce development strategies need to be a partnership** endeavor benefitting all employers and job seekers; and
- **The partners needed to develop and maintain a successful workforce investment system are the private sector (business and labor), state and local government, and the education enterprise.**

In addition, a number of important, common core principles and recommendations emerged:

- **Create and promulgate a common vision:** Creating a shared vision and developing shared responsibility for implementing that vision is an essential building block of an effective system. Agreeing on an equitable balance of resources and services between the public at large, needy populations and economic development must be a mission that is joined in state circles, city halls, business meetings and local planning and policy entities (HRICs and the Workforce Investment Boards).
- **Leadership is critical**: Clear and sustained leadership is essential for both goal and vision setting, along with getting and keeping the key players at the table. In most cases, this role falls to the **governor or chief elected local official**. In some instances, **high profile private sector leaders** backed up by influential employer associations who can get and keep the attention of the governor, the legislature and the bureaucracies should be involved. In our studies, there was no consistent pattern of leadership, although it is clear that the National Governors' Association is making coherent

workforce development systems a highly visible agenda item for the Governors. And if the Congress actually passes a workforce consolidation bill with block granting to the states, gubernatorial interest and leadership should escalate.

- **Get the key players involved**: It is clear from our findings that turf and tradition die hard. Even the earliest stages of interagency cooperation are viewed by many as a loss of power. It takes considerable effort to get and keep the key players involved. In some areas, there is already a solid foundation of mutual trust. In others, sufficient time is needed during the planning stages to work through differences in style and philosophy so that there is agreement on the mutual benefits to be derived from reaching the specific goal. This process involves the tortuous task of **defining roles and responsibilities for each of the key players** in reaching the goal. No matter how difficult–and the difficulties should not be underestimated–involvement of the key players is one of the linchpins of system building and will keep the planning process focused and on track.
- **Coordination should never be the end goal; it is only a means to achieve the goal:** The successful sites have focused efforts on defining what is to be accomplished, how it will be measured and how collectively the goal will be achieved. Experience has demonstrated that it is much easier and much less threatening to get key players to coordinate around specific goals such as building a one-stop system or finding jobs for welfare participants, than it is to collaborate around the abstract notion of coordination itself.
- **Program coordination is not cost free; the effort requires time and resources:** Thus, a more coordinated workforce development system must be *perceived* as resulting in more effective services to all sets of customers, producing better long-term outcomes and more efficient management of resources than would have been possible in the absence of a coordinated system.
- **Policy should be outcome driven and concrete benefits must accrue.** The emerging system should be viewed as

mutually beneficial to all the key players–all the customers and all the investors–a not insubstantial task. To build and sustain credibility, **clear, reasonable outcome expectations must be articulated and reliable data systems must be created to measure and report results.** In an attempt to build political support, it is often tempting to espouse dramatic and seductive outcomes–reductions in unemployment rates or drops in welfare rolls–outcomes that depend on many social and economic factors beyond the control of the workforce development system. It is important to aim high, but not to promise more than can reasonably be delivered.

- **Create reliable customer information systems**: One of the keys to a successful workforce system that provides universal access will be the way in which it collects, packages and distributes customer information. In this era of inexpensive technology, state and local officials recognize the need to provide reliable labor market information to the public in user friendly formats.

At the State Legislative Level

While charismatic leaders can point out new directions, this study has shown that it falls to state legislatures to see that these new directions do not fall by the wayside as political personalities change. Specifically, state legislatures need to:

- **Institutionalize and sustain a coherent system via legislation**: Any well designed system should have a shelf life longer than the elected term of office of the political leader who put it in place.
- **Sort out and formalize the roles:** One of the most important decisions to be faced in crafting a state workforce development system is sorting out **what decisions need to be made at which level of government** and **what kind of planning and policy entity should be in place to carry out these functions.** Based on a review of the current state of the art, it seems clear that the country is moving toward

the creation of broadly based HRICs at the state level and comparable structures at the local level. It is recommended that creation of these state and local coordinating entities be institutionalized by state legislation and that the private sector (business and labor) be given a majority role both in numbers and in substance.

- **Leave major operational decisions to local governments** as long as they operate within a general philosophical framework which assures:
  - The primary role of business and labor;
  - Universal availability and responsiveness of services to customer needs;
  - Seamless life-long learning opportunities;
  - Targeting as appropriate to disconnected populations;
  - Networks of intermediaries to broker connections to services and employers;
  - Measurable and accountable services.
- **Local WIBs should be held responsible for ensuring that services go where they're needed** based on their knowledge of local demographics and local labor markets. Control over the program mix, deliverers of service and the field monitoring of the quality of service should also be a local responsibility.
- **Demand rigorous accountability:** While state legislatures should not seek to set specific accountability benchmarks or actual performance goals in statute, they should seek to mandate that a system for producing strict accountability be established and maintained. The framework of that system should ensure the primary role of business and labor in determining standards and clearly designate one group–probably the state HRIC–to take the lead role in monitoring and reporting outcomes to the public.
- **Require consistent administrative and data systems**: State law should establish the broad specifications for the common administrative and data systems, and clearly vest some state entity–probably the HRIC–with the responsibility for ensuring this is carried out.

It is earnestly hoped that the guiding principles and recommendations articulated in this section, which have evolved from the investigatory work performed in connection with this monograph, will be of value to federal, state and local policy makers. At the beginning of an administrative second term and the start of the 105th Congress, states and localities are poised for change. It is the right time to move workforce development from where it is today to where it needs to be–a coherent, functional, efficient system ready to meet the challenge of preparing America's workforce for the Twenty-first Century.

Appendix 1

States Responding to Survey

ALABAMA	MISSISSIPPI
ARIZONA	MONTANA
ARKANSAS	NEVADA
CALIFORNIA	NEW JERSEY
COLORADO	NEW MEXICO
CONNECTICUT	NEW YORK
DELAWARE	NORTH CAROLINA
FLORIDA	OHIO
GEORGIA	OKLAHOMA
HAWAII	OREGON
IDAHO	PENNSYLVANIA
ILLINOIS	RHODE ISLAND
INDIANA	SOUTH CAROLINA
IOWA	SOUTH DAKOTA
KENTUCKY	TEXAS
LOUISIANA	UTAH
MAINE	VERMONT
MARYLAND	VIRGINIA
MASSACHUSETTS	WISCONSIN
MICHIGAN	WYOMING

Appendix 2

Codes Used in Tables 1, 2 and 3

DED	DEPT. OF ECONOMIC DEV.
DHS	DEPT. OF HUMAN SERVICES
DOL	DEPARTMENT OF LABOR
GOV	GOVERNOR'S OFFICE
HRC	HUMAN RESOURCE COUNCIL
MSA	MULTIPLE STATE AGENCIES
N/A	NO ANSWER
OB	OTHER BOARD OR AGENCY
SBE	STATE BOARD OF EDUCATION
SCC	STATE COMMUNITY COL. SYS.
SDE	STATE DEPT. OF EDUCATION
SHE	STATE HIGHER ED. DEPT.
WDA	WORK FORCE DEV. DEPT.